

# Milk Pricing

## NEWSLETTER

*Serving the California dairy industry for over 7 years*

**Dairy Marketing Branch, CDFA**

**May 2007**

### Commodity Prices Remain Strong, Still On the Upswing . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for Grade AA Butter, Cheddar cheese, nonfat dry milk and Western dry whey all averaged higher compared to last month, consequently, all milk prices increased: whole milk increased twenty-two and one tenth cents per gallon; reduced fat milk increased twenty-two and eight tenths cents per gallon; lowfat milk increased twenty-three and five tenths cents per gallon; and skim milk increased nineteen and three tenths cents per gallon.

Milk production across the U.S. continues to be steady despite late spring storms across the midwest areas. Demand for dairy products remains strong going into the summer months. Cheese production in California continues to be strong and averaging higher than production levels of this time last year. Retail sales of cheese have been higher across the U.S. compared to last year levels. Western dry whey prices continue to stay strong and higher than levels of last year.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for June 2007

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.721	\$0.860	\$0.430	\$0.215	\$0.143	\$0.108
Reduced Fat 2%	\$1.671	\$0.836	\$0.418	\$0.209	\$0.139	\$0.104
Lowfat 1%	\$1.653	\$0.827	\$0.413	\$0.207	\$0.138	\$0.103
Nonfat (Skim)	\$1.306	\$0.653	\$0.327	\$0.163	\$0.109	\$0.082
<b>Southern California</b>						
Whole	\$1.744	\$0.872	\$0.436	\$0.218	\$0.145	\$0.109
Reduced Fat 2%	\$1.695	\$0.847	\$0.424	\$0.212	\$0.141	\$0.106
Lowfat 1%	\$1.677	\$0.839	\$0.419	\$0.210	\$0.140	\$0.105
Nonfat (Skim)	\$1.330	\$0.665	\$0.333	\$0.166	\$0.111	\$0.083

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.221	\$0.111	\$0.055	\$0.028	\$0.018	\$0.014
Reduced Fat 2%	\$0.228	\$0.114	\$0.057	\$0.029	\$0.019	\$0.014
Lowfat 1%	\$0.235	\$0.118	\$0.059	\$0.029	\$0.020	\$0.015
Nonfat (Skim)	\$0.193	\$0.097	\$0.048	\$0.024	\$0.016	\$0.012

**California Department of Food and Agriculture (CDFA)**

**A.G. Kawamura, Secretary**

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
Phone (916) 341-5988; Website: [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy); email address: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

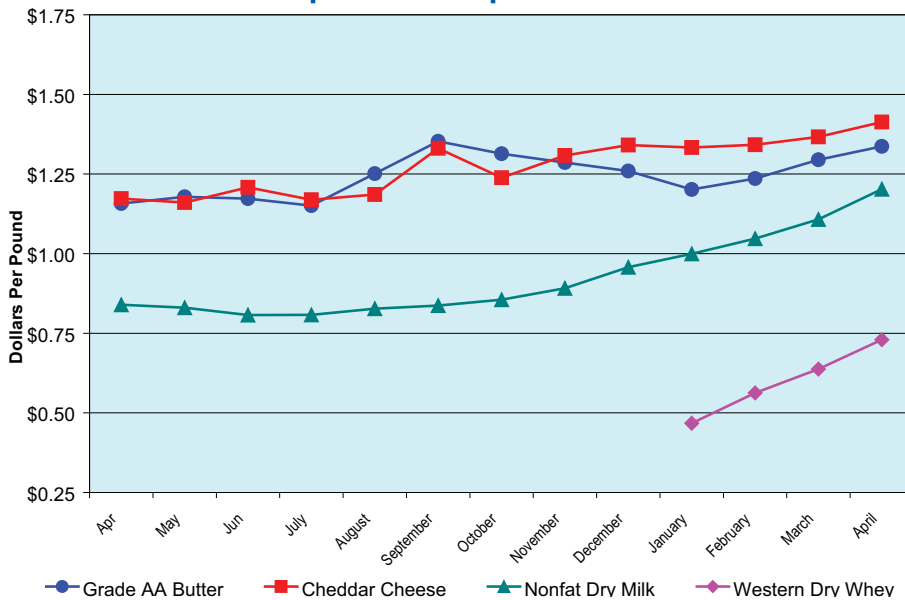
## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
May	\$0.19	\$1.17	\$0.45
June	\$0.19	\$1.14	\$0.44
July	\$0.19	\$1.14	\$0.44
August	\$0.18	\$1.13	\$0.44
September	\$0.18	\$1.13	\$0.44
October	\$0.19	\$1.24	\$0.48
November	\$0.19	\$1.24	\$0.48
December	\$0.20	\$1.29	\$0.50
January '07	\$0.20	\$1.29	\$0.50
February	\$0.22	\$1.28	\$0.50
March	\$0.22	\$1.28	\$0.50
April	\$0.25	\$1.35	\$0.53

### National Commodity Prices April 2006 - April 2007



### Lowest Reported Lawful Retail Prices for Milk May 2007

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$5.19	\$2.60
Reduced Fat	\$4.99	\$2.50
1% Lowfat	\$4.99	\$2.50
Nonfat/Skim	\$4.29	\$2.15
<u>Southern California</u>		
Whole Milk	\$5.19	\$2.60
Reduced Fat	\$4.99	\$2.50
1% Lowfat	\$4.99	\$2.50
Nonfat/Skim	\$4.19	\$2.10

This newsletter can also be found on our website at:  
[www.cdffa.ca.gov/dairy/milkpricing-nl.html](http://www.cdffa.ca.gov/dairy/milkpricing-nl.html)

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdffa.ca.gov](mailto:dairy@cdffa.ca.gov), or by contacting TDD 1-800-735-0193.

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